

State of Idaho
Department of Water Resources
Permit to Appropriate Water
NO. 94-07858

Priority: March 18, 2011

Maximum Diversion Rate: 1.34 CFS

This is to certify, that ROD STUTZKE
1530 BEAVER CREEK RD
WALLACE, ID 83873
(208) 682-2011

has applied for a permit to appropriate water from:

Source: EAST FORK EAGLE CREEK **Tributary:** PRICHARD CREEK

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
MINING	01/01 to 12/31	1.34 CFS

LOCATION OF POINT(S) OF DIVERSION:

EAST FORK EAGLE CREEK, SW1/4SW1/4, Sec. 12, Twp 50N, Rge 05E, B.M., SHOSHONE County

PLACE OF USE: MINING

Twp	Rge	Sec	NE				NW				SW				SE				
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
50N	05E	12											X						

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **August 1, 2016**.
2. Subject to all prior water rights.
3. This right does not grant any right-of-way or easement across the land of another.
4. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.
5. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to use power records to determine the amount of water diverted and shall annually report the information to the Department.
6. The right holder shall comply with any bonding requirements for matters administered by the Department of Water Resources that are applicable to the use of water under this right.
7. Prior to the diversion and use of water under this approval, the right holder shall comply with applicable water quality permitting requirements administered by the Department of Environmental Quality or the Department of Agriculture.
8. The point of diversion for this right is located within Mineral Survey No. 1014.
9. The place of use for this right does not include federal public lands.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Coeur d'Alene, this 8 day of August, 2011.


GARY SPACKMAN, Interim Director

77124

Ident. No. 94-7558

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

RECEIVED

MAR 18 2011

To appropriate the public waters of the State of Idaho

IDWR / NORTH

1. Name of Applicant Rod Stutzke Phone 208-682-2011
Mailing address P.O. box 433 Murray, ID. 83874
2. Source of water supply East Eagle cr. which is a tributary of Prichard cr.
3. Location of point of diversion is Township 50 N. Range 5 E. Sec. 12, in the SW $\frac{1}{4}$, SW $\frac{1}{4}$, Govt. Lot SW, B.M., Shoshone County;

additional points of diversion if any:

4. Water will be used for the following purposes:

Amount 1.34 for Mining purposes from 1/1 to 12/31 (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)
Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

5. Total quantity to be appropriated is (a) 1.34 and/or (b) _____
cubic feet per second acre feet per annum

6. Proposed diverting works:

- a. Describe type and size of devices used to divert water from the source Pipe and Pump
in stream
b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total
reservoir capacity _____ acre-feet
c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet
d. Is ground water with a temperature of greater than 85°F being sought? NO
e. If well is already drilled, when? _____; Drilling firm _____
Well was drilled for (well owner) _____; Drilling Permit No. _____

7. Time required for completion of works and application of water to proposed beneficial use is 5 years (minimum 1 year)

8. Description of proposed uses (if irrigation only, go to item 9):

- a. Hydropower; show total feet of head and proposed capacity in kW. _____
b. Stockwatering; list number and kind of livestock. _____
c. Municipal; show name of municipality. _____
d. Domestic; show number of households. _____
e. Other; describe fully. Mining

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9. Description of place of use:

- a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
- b. If water is used for other purposes, place a symbol of the use (*example: D for Domestic*) in the corresponding place of use below. See instructions for standard symbols.

[illegible]

Total number of acres to be irrigated

10. Describe any other water rights used for the same purposes as described above. None

11. a. Who owns the property at the point of diversion? George Stephenson
b. Who owns the land to be irrigated or place of use? George Stephenson
c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: property is Leased to applicant for Six years

12. Remarks:

12. Remarks:

13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8½"x11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.

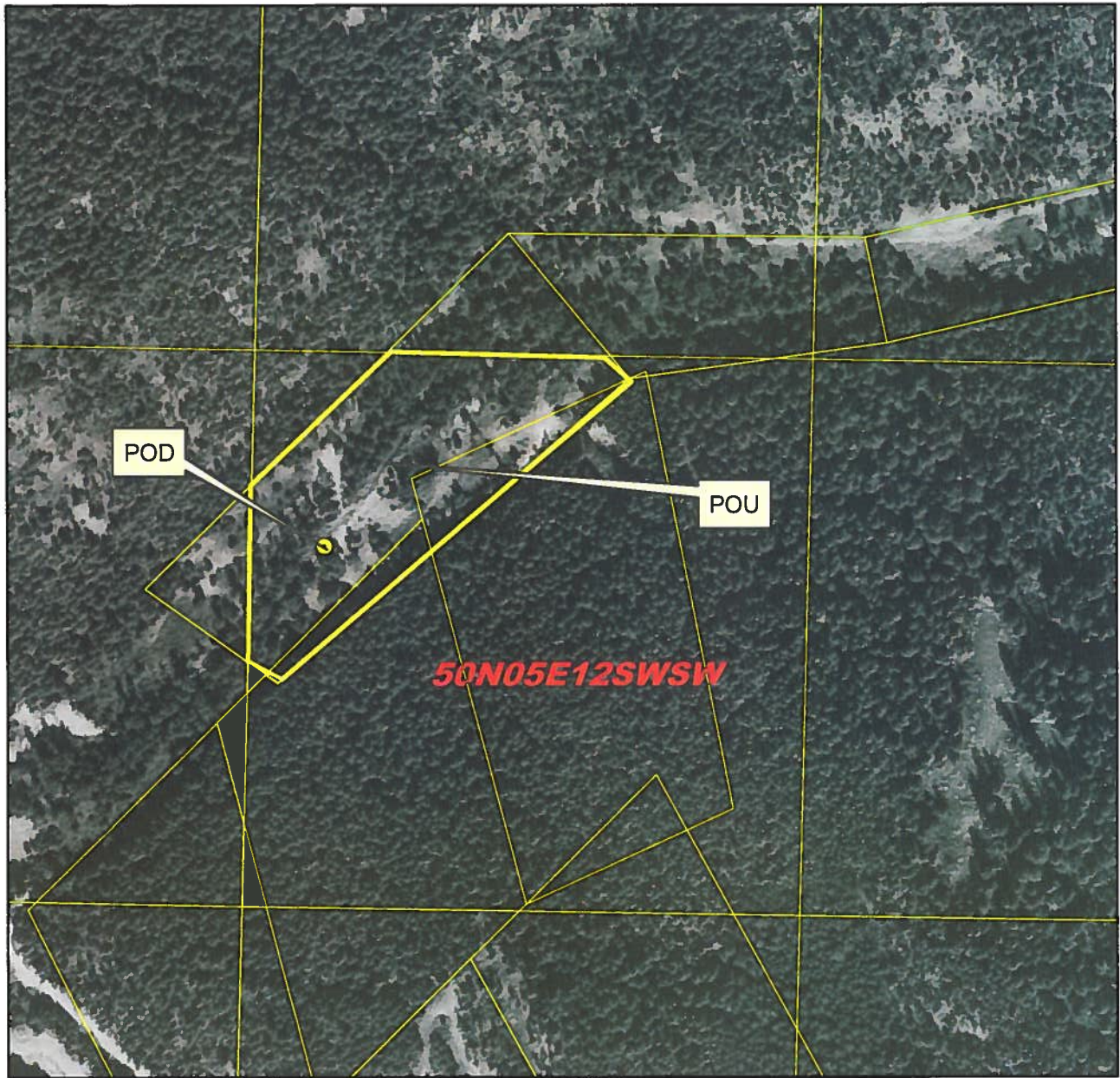
~~Rod Stulsk~~

Signature of Applicant (and title, if applicable)

Received by *[Signature]* Date 3/18/11 Time Preliminary check by
 Fee \$ 290.00 Received by *[Signature]* # N026771 Date 3/18/11
 Publication prepared by Date Published in
 Publication approved Date

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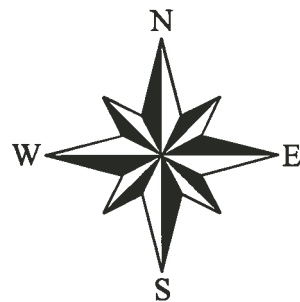
94-7858



0 165 330 660 990 1,320 Feet

Legend

-  workingpod
-  workingpou
-  QQ
-  Taxlots



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PLACER LEASE "AGREEMENT"

Made this 6th day of July, 2009

BETWEEN

George Stephenson, of Calgary, Alberta
(hereinafter referred to as "STEPHENSON")

-AND-

Rod Stutzke, of Prichard, Idaho
(hereinafter referred to as "STUTZKE")

THEREFORE: As both parties have agreed to enter this agreement under the following terms:

STEPHENSON has agreed to lease to STUTZKE placer properties for the sole purpose of placer mining and STUTZKE has agreed to test and confirm the possibility of bringing the property into production. The properties are more commonly known as; the NOONDAY, MIDNIGHT, NO. 9 AND NO. 10 placer claims located on East Eagle Creek, location being 19-50-5, BPI 34/86, comprising of 31.420 acres in the Shoshone district of Idaho.

STUTZKE agrees to pay an 18% (eighteen percent) GOR (gross overriding royalty) to STEPHENSON on each cleanup completed. STUTZKE agrees to divide (on each cleanup), all large nuggets on a 2/3 (to STRUTZKE) TO 1/3 (to STEPHENSON) basis until STEPHENSON has received 18% percent then any or all remaining gold shall go to STUTZKE.

STEPHENSON covenants and agrees that:

1. The property is in good standing in all jurisdictions.
2. He has disclosed all his knowledge about the property and he knows of no reason about any matters that would withhold STUTZKE from entering this agreement.

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- 3. STEPHENSON agrees that STUTZKE can cut and use any timber on the property, within all regulations, for the sole purpose of mining the said claims.**

STUZKE covenants and agrees that:

- 1. He will comply within all the laws and regulations of all state and federal bodies that govern the Shoshone District of Idaho.**
- 2. He will pay all necessary payments, bonds and any other costs related to placer mining requirements in the Shoshone mining district.**
- 3. This agreement is for the sole purpose of gold production.**
- 4. Upon termination of this agreement STUTZKE shall have no further interest of any kind in the said claims.**
- 5. He has one year to test the property from the signing of this agreement (STEPHENSON shall receive 18% of any gold during the test year) then, for the following six years, production of a minimum of \$10,000 US Dollars worth of gold to STEPHENSON on an annual yearly basis. STUTZKE has the right to pay \$10,000 US funds in lieu of gold to maintain the lease annually or a gold and cash combination which would total \$10,000 US in value per year.**
- 6. He will remove all equipment on the property at his expense within one year of termination of this agreement.**
- 7. He will save STEPHENSON harmless to any liability, lawsuit and claim of any kind, due to placer mining the said claims, while this agreement is in effect.**
- 8. He will pay all costs related to placer mining of the claims.**

OTH parties agree that:

- 1. This agreement shall not exceed 7 years.**
- 2. This agreement is binding upon to both STEPHENON and STUTZKE heirs and successors during the term of this agreement.**
- 3. Time is of the essence.**

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F.S.
[Signature]

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- 4. Failure to comply with any part of this agreement shall cause the termination of this agreement. The party, which has failed to comply with this agreement, will have a 60 days extension from notification from the other party, in writing of the failure to comply, to put back in good standing any breach of this Agreement. If upon 60days that the breach of any condition is not met, this agreement is terminated immediately.
- 5. Anniversary date of this agreement is based on the signing date.
- 6. Annual or annually is based off the signing date.
- 7. This agreement can be amended at anytime upon both parties signed and agreed acknowledgement in writing of any change to this agreement.

AGREE TO:


George Stephenson


Rod Stutzke


Witness


Witness

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R.S.


94-1858

MARCH 21,2011

MEMO TO: THE FILE
FROM: KEITH FRANKLIN
SUBJECT: OWNERS ADDRESS

ROD STUTZKE CALLED AND GAVE THE ADDRESS OF THE OWNER AS FOLLOWS;

GEORGE STEPHENSON
23 WINSLOW CRESCENT SW
CALGARY, ALBERTA T3C2R2

403-816-2262

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APR 25 2011